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Value perception in service: the trap of misunderstandings

*Gautam Mahajan**, *Roberto Bruni***,
Marco Tregua[#], *Luca Carrubbo^{##}*, *Silvia Cosimato[^]*

Abstract

The work is aimed at offering an overview on how value has been approached in business and service research, highlighting both bright and dark sides of its conceptualizations. The theoretical analysis is meant to better understand if and how companies influence value perception and interpretation. To foster their own success, organizations can ‘teach’ the value proposed to actors eventually ready to change and to contribute to define (and redefine) new value codes. Actors need to dynamically change their mode in action, focusing on the evolutions in communication channels, in products features, in inclusive participation, in languages, codes and rules. To enable this, a dynamic approach is needed to properly involve actors, and make them able to actively participate, a continuous learning process is due, as well as the updating in strategies and partnerships by acquiring such helpful competences and skills in a lean way.

Keywords: value, teaching value, dynamism, value perception, communication

Introduction

To foster success, organizations can ‘teach’ the value they promise, engaging actors’ in dialogic interactions to define new value codes. Hereby, the teaching metaphor is conceived as related to multi-actor ongoing interactions in which participants (companies and customers) share resources for creating new, ever updated, and valuable knowledge about products and services. Shah et al. (2015) empirically investigated *teaching value*, linking it to the participation at the so-called wisdom of the crowd. Together with the ABIM Foundation and the company Costs of Care launched a challenge in high-value care in medical education for: 1) identifying champions, 2) characterizing solutions in use for teaching, 3) catalysing new ideas and methods for trainees, and 4) promoting

* President of the Customer Value Foundation, New Delhi – India, e-mail: mahajan@CustomerValuefoundation.com

** Assistant Professor in Business Management at University of Cassino and Southern Lazio – Italy, e-mail: r.bruni@unicas.it

Assistant Professor in International Management at University of Naples Federico II – Italy, e-mail: marco.tregua@unina.it

Assistant Professor in Business Management at Salerno University – Italy, e-mail: lcarrubbo@unisa.it

^ Assistant Professor in Business Management at University of Naples Federico II – Italy, e-mail: silvia.cosimato@unina.it

promising ideas easy to adopt and being scaled. Actors need to dynamically change and adapt their mode in action, focusing on the evolutions of communication channels (online special events, direct experiences, influencers' presentations), product distinctive features (tutorials, evidences' demonstrations, normal people testimonials), users' inclusive participation (immersive advertising, free proof testing, flexible agreements, easy and self-instructions), codes and languages (millennials' codes, slangs, social rhythms, today gender rules) or similar. To enable this, a dynamic approach is needed to properly involve actors (all stakeholders, including customers), and make them able to participate in a continuous and mutual learning process, which lead them to gain helpful competences and skills in a lean way. This dynamic, mutual and learning oriented approach to value capture, inherently related to subjective perception, moves the focus on customers and on their features (psychological, physical, social and contextual), which inspire their behaviour (Dyer et al., 2018). To understand value and how it can be communicated or "taught", individual dimensions of firms cannot be ignored. Thus, their structure, history, culture, and values shape the way they conceive the value they promise and the way they try to communicate and support stakeholders in learning value and usability. To better understand the essential, but intricate processes at the core of value creation and capturing, the analysis has been also focused on the challenging topic of "teaching value", to argue its contribution in solving the misunderstandings and the conflicting interpretations of value.

Theoretical background

Many advances agreed on defining value as depending on the combination of firms' efforts, consumer's (or user's) actions, and cognitive, emotional, and contextual elements. Christopher (1996) adopted an economics-centered perspective to state that value is perceived when benefits are higher than costs (of ownerships), while Grönroos (1997), assuming a relational marketing perspective, described customer-perceived value as the result of relational efforts of a firm. Then, Payne and Holt (2001) and Woodall (2004) focused on what value can be and how it can be communicated and subjectively perceived by stakeholders. Further on, SDL (Vargo and Lusch, 2006) focused on "use" as a central assumption to determine value, further advancing it exploiting its tie with context (Vargo et al., 2008), and experience (Helkkula et al., 2012). Recently, scholars addressed their efforts to the understanding of value perception (Helander et al., 2016), to its qualitative and quantitative sides (Stępień, 2017), highlighting the need for establishing mutual, trustfully and long-lasting relationship to nourish value. This led to approach the ability to create and "teach" value as an essential source of competitive advantage and to exploit a culture for value creation (Mahajan, 2018). Considering the potential misunderstandings in perceiving, understanding, and communicating value, a specific approach comes from Value Dominant Logic (VDL; Mahajan, 2018). This approach roots in everyday experiences of managers involved in communicating their interpretation of the polysemous concept of value. VDL,

starting from practical experiences, supports managers and companies in approaching and communicating value as profit and focus management role in achieving their profit goals in the short term. This creates a shock in value interpretation, value management and in managing the complex B2C relationships.

To start transforming potential value in perceived value, firms should measure value generated for customers and all actors, starting from the perception of latent and potential value. VDL suggests to managers a mindset to create self-esteem and working on the 6A's: awareness (and curiosity), ability, agility, ambidextrousness, and attitude (Mahajan, 2016) and anticipation. This may reduce value misunderstanding and destruction. A wider focus on "teaching value" could help value creation systems to engage actors (mainly companies) to stimulate towards a dynamic approach to value perception. This implies that the effectiveness of teaching value lies upon actors' involvement and their participation in those operations that drive value creation processes (Finne, 2018). Some studies on personalised communication stressed advantages for consumers (Strycharz et al., 2019) and called for further research.

Methodology

This study is inherently conceptual, with explorative aims. Even though value is well established in marketing studies, some elements are quite novel, thus a qualitative approach fits to categorize firms' efforts to communicate value to consumers. Building on literature the paper analyses and discusses some cases to explain the concept of teaching value. To this end, through tables, potential relationships between companies and stakeholders are highlighted.

Results

Disturbances, misalignment, disregarded expectations, and divergences can reduce the power of a new solution, allowing a *misunderstood value* effect and a distorted misuse consequently. This is due to differences in languages, emerging perceptions, new interpretative habits, emerging contingencies (institutions dynamism) and personal beliefs, which influence communication, therefore company's and its stakeholders' bent to join valuable interactions. This requires further research, also intended at developing and implementing new managerial models to boost new and emergent solutions to the challenge of communicating or teaching value in complex and unpredictable scenarios. Hereafter, findings show how business organizations success can be influenced from different mode in actions, highlighting the comprehension of change or the need of stakeholders' support. Sometimes companies are reactive, even proactive; in other situations, they need for specific nudge internally or externally (for example from customers or other influencers even considering suppliers and other actors) to be reactive; the emerging perspectives are represented below (Table 1).

Table 1. Comparison between different kind of changes

| | | |
|----------|--|--|
| Internal | Company changes from the inside together with internal stakeholder (<i>pro-activity</i>) | Company changes after stimuli coming from the inside (<i>adaptation</i>) |
| External | External Stakeholders anticipate some changes (<i>leadership</i>) | External stakeholders suggest how to answer some changes (<i>followership</i>) |
| | Active | Reactive |

The following table (Table 2) help in analysing the individual perception of value that customers have. When individual value perception is based on wrong interpretations it can lead to misunderstand it. In detail, actors' dynamism can boost the engagement and the active participation of the latter, which lead them to grasp value and agree on its meaning as it has been experienced. The following table summarize possible impacts.

Table 2. Company/stakeholders' dynamic/passive behaviour and value perception

| | | |
|---------------------------------|-------------------------|-----------------------------|
| Dynamic Companies /Stakeholders | Perceived/agreed Value | Not yet misunderstood Value |
| Passive Companies /Stakeholders | Not yet perceived Value | Misunderstood Value TRAP |
| | Engaged Users | Not engaged Users |

Finally, how business organizations might foster their own dynamism can be further analysed as well. Comparing the existing instructions (to be transferred through appropriate languages and channels) with teaching actions performed by companies to boost stakeholders' understanding (how/when to use, what might be the differences with others), and the situations in which teaching is not yet activated or instructions are not well understood and diffused (See Table 3).

Table 3. Teaching action and value perception.

| | | |
|----------------------------------|---------------------|----------------------|
| Enacted teaching actions | Taught Value | Appreciated Value |
| Not yet enacted teaching actions | Unappreciated Value | Inexplicable Value |
| | Known Instructions | Unknown Instructions |

This evidence confirms the need to investigate the ability of organizations to be dynamic and so to avoid mistakes, gaps in communications, interpretation failures and similar. This may bridge the gap between the *potential* value and the *effective* one (Polese et al., 2018), overcoming trap risks and value wasting.

Implications and future research

Firms can try to boost stakeholders understanding of value; this goal can be achieved through the creation of a value-oriented culture (Mahajan, 2018) and setting of proper communication tools to improve information exchange (Strychartz et al., 2019); therefore, a dynamic culture is foreseen as a solution, namely a continuous exchange of information, feedback, and perceptions to continuously update how value is proposed to users and perceived by the actors. Actors involved in a value creation have better opportunity in building a positive

value understanding process.; in this context companies emerges as actors' stimulators. In this sense, emerging misunderstanding could be reduced thanks to customers' attitude to be dynamic and open to the change, while companies can act as relevant actors able to share openness, flexibility, and reaction to change. For this reason, companies could suggest codes, rules, and tools based on dynamic value codes. This will be useful to better define the concept of value, as strictly linked to value proposition and value perception.

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